



ACQUISITION AND  
TECHNOLOGY

PRINCIPAL DEPUTY UNDER SECRETARY OF DEFENSE

3015 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3015



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MEMORANDUM FOR COMPONENT ACQUISITION EXECUTIVES

SUBJECT: Improved Cost and Schedule Performance Management

Effective program cost and schedule management depends on establishment by contractors of reliable performance measurement baselines. The baseline must capture the entire technical scope of work consistent with contract schedule requirements, and have adequate resources assigned. An accepted recommendation in DoD Inspector General Audit Report No. 93-067, "Use of Cost and Schedule System Data," addressed the need for better baseline evaluation.

For contracts requiring compliance with the Department of Defense Cost/Schedule Control Systems Criteria (C/SCSC), I expect program managers and their technical staffs to review the baselines established by their contractors within six months after contract award to assure that planning and budgeting are accurate at the cost account level. Please provide a copy of your implementing guidance within thirty days to the Director, Acquisition Program Integration.

These integrated baseline reviews are not a substitute for normal C/SCSC reviews, and will be conducted in coordination with DoD Component C/SCSC specialists. Two objectives of the baseline reviews are to reduce the number of C/SCSC reviews required, and to improve use of cost performance data by contractor and government managers. Similar but less comprehensive reviews will be performed for contracts subject to Cost/Schedule Status Report requirements.

A good example of the integrated baseline review concept was implemented by the Army Program Executive Office, Missile Defense, in 1993. A report on the process is attached. While other approaches may differ, their success requires the level of executive leadership and thorough preparation apparent in the Army report.

R. Noel Longuemare

Attachment

